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**Seafarers Safety, Rehabilitation  
and Compensation Authority**

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**Presentation  
Paul Baulch, Coles Group Ltd.**

Sumac, Melbourne

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**PRESENTATION**  
**EARLY INTERVENTION AND RETURN TO WORK IN**  
**PRACTICE**  
**PAUL BAULCH, COLES GROUP LTD.**

**Chairperson's Introduction** – Sorry to drag you away from the sun, and the delightful views over the Yarra to the City of Melbourne, but we've got business to transact. Our next presentation begins with a more direct focus on improving rehabilitation and return to work outcomes in the Seacare scheme.

We have with us Mr. Paul Baulch, who's going to speak about his experiences in overcoming return to work issues in the broad and diverse organisations in which he's been involved. Paul first became involved in workers' compensation and injury management in the early 1970's. From 1997 to 2005 he was General Manager Health and Safety at Telstra. In 2005 he began his current appointment when he joined Coles Myer Ltd. as General Manager Health and Safety. So Paul brings to us today his rich experiences and insights gained across a number of industries and we've asked him to provide a fresh perspective from outside of the maritime industry.

Paul's session is entitled "***Early Intervention and Return to Work in Practice***" and he'll tell us about practical approaches to solving problems as well as the business rationales for addressing return to work issues. Paul will answer questions at the end of his paper, so please join with me in welcoming Paul to our meeting this morning.

**Paul Baulch** – Good day, apologies for the way I'm dressed but I'm on holidays so I'm allowed to look like this and you're not. I don't have a presentation so bear with me and I'll just sort of ramble on a little bit and talk about my experiences.

In fact a few weeks ago I was sort of thinking of today and when Stewart Ellis rang me a couple of months ago it seemed like a good idea at the time. You know when your mates ring you and say "Baulch come and help us sort of lay some concrete on the weekend or take out some trees" and as the day gets closer you start to think "Why did I agree to do it?", and the reason I had that hesitancy was because of the relevance. The relevance of somebody who worked for many years in the insurance industry, worked as a Risk Management Consultant, then worked for a phone company and now works for a retailer, and what I've tried to do is think about what I've done and what my teams have done over the years and its relevance to what you do, and it's pretty hard to draw those comparisons. Yeah I've been on boats, I've been on ships, I've been on yachts, but normally as a visitor or fare paying passenger - I've never had to work on them.

The closest I think I ever got was my father was a former Painter and Docker and he survived it, and with all of his limbs intact and everything else. Then I started to think okay what more do I know about the maritime industry and one of my favourite films from many years ago was a Humphrey Bogart movie called the "Caine Mutiny", I'm showing my age by it but Humphrey Bogart was a ship's captain called Captain Queeg. Great book, lousy movie, but Captain Queeg was this paranoid ship's captain and his paranoia controlled the whole scene of the movie. I suspect today there are Captain Queeg's still on vessels going around this country and overseas, because I've met many Captain Queeg's in Corporate Australia over my time, and many Captain Queeg's in the role of regulators, but maybe we'll talk about that later on.

Then I started to think "Okay Baulch what else do you know, what else do you know about the maritime industry?". This is a bizarre thought but I kept thinking of the Skipper on Gilligan's Island, and I thought "Gee, if I was on a vessel and I had a Gilligan I'd probably intentionally harm him so that he didn't have to sail on my vessel". It would be worse if you had to deal with the Professor and Thurston Howell III and maybe some would like dealing with Ginger and Mary Ann in their own way, but that was the relevance, and I kept thinking there's got to be more to it. The serious part of this is that it's irrelevant where you work, it's irrelevant what you do, the fundamentals remain the same, and when you injure someone you have a responsibility to get them back to work wherever they are. The tyranny of distance imposes some obstacles but nevertheless you've got to think through those obstacles.

What I'd like to do is talk about Coles Myer, a little bit about Telstra, but the fun I'm having at Coles Myer because the business that I've taken over in there is quite unique, and I'll give you some stats in a short time and explain why it is unique.

Some serious stuff about Coles Myer. Currently they have about 160,000 employees, or it did when I went on holidays last Friday night but it's probably a few less at the moment. You would have all read the papers, two takeover offers in the last six weeks and they keep getting rejected. I'm told that 40 per cent of Australians have some form of retail interaction, that's retail speak, with Coles Myer on a weekly basis, and it's either buying fuel or booze or food or whatever it maybe. Everyone knows Coles Myer and its unique position in Australia as a retailer. As Geoff said I've been with Coles Myer a little over a year and I've spent about 10 years with Telstra and about seven or eight years managing safety and workers' compensation, because I'd actually feel that safety is inextricably linked with workers' compensation and with injury management and return to work. You can't break them up and the approach that I've always tried to take is have those links and very strong links.

It's very difficult to compare Telstra and Coles Myer. Telstra's fundamentally a technology company, I think it's got 30,000 employees. When I joined the organisation it had close to 90,000, when I left it had about 35,000. Immense change is going through that organisation. Of the 30,000 that are left about a

third of them spend their time on the road in vehicles, alone doing installations, so they don't have that link with their one-up manager.

They may see their Manager or Team Leader or Supervisor once a week, they may speak on the phone daily, they get their work delivered to them through computers that are sitting in the van so no human contact. So it's a different business.

Whereas in Coles Myer about 145,000 of the people are in stores. They go to the same place every day, do the same work every day and whether it's stacking shelves or working at a checkout, or whatever. So the two businesses are totally different. In Coles Myer stores they are open 24 hours a day. Some are in the back blocks, some can't get staff. In Western Australia at the moment there's effectively zero access for us to the employment pool. No-one wants to work in a supermarket when they can go and work in a mine, and earn a lot more money so there are different issues to deal with.

So bringing one approach from Telstra to Coles Myer was never going to work. Equally bringing in an approach from Telstra or Coles Myer to seafarers isn't going to work, but the fundamental, as I said earlier, still remain the same. As Geoff said I started working in this field in the early 70's and by accident, I got put into a claims department when I worked in an insurance company and I thought that I'd lost the raffle. I used to look at these people on the other side of the office who smoked too much, and drank too much coffee and got screamed at, and I was working on this other side sort of in my nice suit and having a pretty relaxed life and the buggers one day said "We're putting you into the Claims Department". I wondered what I'd done wrong. It was probably the best thing that had happened to me because I actually got to see things in a different light, and in those days only employers with a strong social conscious bothered to try to return people to work. There were no incentives, there was no regulated framework, and the old Act's and the benefits that were being paid weren't sufficient enough to warrant any form of financial incentive even for the injured workers sometimes, and in times of high unemployment you would always get someone to fill the job. Today things are different, there is a better regulated environment, but I think I've learnt from those roles that I've had over the 30 odd years. You're supposed to say "I don't look that old".

Again, it was extremely difficult because you're just trying to judge what you needed to do next, you've got faced with a case, you have medical information, you didn't have the contemporary data systems that we have today to learn from. The medical profession was divided between those who wanted to work in the industrial injury field and those who didn't, and those that just wanted to issue certificates, and getting certificates for three and six months from some medicos wasn't the exception, it was the norm. You had no rights in those days of getting employees back. I remember working in one company and we had around 60 employees who were all living in Greece. Sixty employees of an organisation all living in Greece and getting certificates out of a medical centre in Sydney Road in Melbourne and having the one

solicitor looking after them, the benefits being paid into bank accounts into Athens - times have changed.

What we had was pretty basic. We didn't have computers. We were constantly faced with the dilemma whether the treating surgeon or specialist was endeavouring to focus on the length of time before the injured worker could be discharged for treatment and the local GP who were issuing the certificates, so you had to walk a very fine line between them. So your world became quite complex and as I said, you didn't have the technology to help you.

The data that you used to work through was manually gleaned. You would start to mine it by reading through files. I can recall my office was always full of files and you were trying to look at trends, look at things in a different way and then go out and talk to employers because again, there weren't the consultants and advisors out there as there are today. You didn't know what you were going to do sometimes, but you would start to see that claims were being managed at the employer end by people in HR. Probably better called in-human resources not human resources, because their real focus was on payroll. As a kid I remember working in an abattoir in the western suburbs here and then going back there years later to give them advice on workers' compensation claims. I was sitting in the office with the Chief Executive Officer and he was sort of ranting and raving they tend to speak quite frankly in the meat industry, he said "Look at that guy out there at the gate" and he named him and he said "He's been on workers' compensation off and on for two years and I can't get him back". Well I went to school with that bloke, and I caught up with him two Friday nights ago at a school reunion and he's probably doing the same thing, but the focus didn't allow you to get on and do things. In those early days I was forever trying to talk to specialists and you'd make appointments two or three months in advance for examinations because you couldn't get to them.

One of the specialists gave me a book. He was a specialist who worked in the area of treating industrial injuries. The intent of the book was to try to establish a basis for estimating the probable period of incapacity for any given injury, in any particular patient, having regard to their present employment and their likelihood of future employment. So it's pretty simple and fundamental. I brought along the book today because I'm a bit embarrassed. I actually still use this because it's one of those things it's like going back to your Latin book from when you're at school just to check the phrases. The book in itself was quite enlightening because it broke down employment categories. In preparing for today I looked up the book and the first employment category was Able Seaman. It was a bit of a sign to me I think, and it's listed in alphabetical order. It went through Asbestos Workers, Butchers, Bakers and all of the different industries, right down to Yarn Women who I assume worked in the textile industry. Many of the occupations in the book no longer exist but nevertheless its fundamentals still apply today. It was written following the review of 50,000 cases, and if you look at the contemporary information we get today to work with there's nothing that looks at that scale. It was a UK based book, but nevertheless it was something that I always found of

immense value and one of the statements made by the author, and I'll just read this out, it was quite profound.

He said:

*"He made it a rule to never express an opinion as to a man's ability to perform his particular work until he himself has become familiar with the type of work involved".*

Now that's a strong message to the medical fraternity. It's something we've tried to address at Coles Myer via a program called "Injury Net" and I'll explain that a bit later on. The medical conditions in this book have covered everything – abdominal injuries, five pages of hernias, down to wrist drop which is as a result of a fracture of the forearm. So I used to have this book, I'd get my medical reports, I'd see what the prognosis was, I'd compare it to the book, look at my other files because we didn't have computer data to scan, and try and work out what it was we were going to do with that employee, and what it was we were going to try to advise that employer. Some of them were very simple things.

Just on the subject of the Able Seaman, the category of employment for Able Seaman is the same as Blacksmiths. The language in the book is a bit dated but the methodology and the fundamentals remain today and, as I said earlier, I still sort of go back to it every now and again. I'd like to think today contemporary case management approach has come a long way, because that book was written in 1935 and for those of you that can subtract it's a bloody long time ago. When I got it, it was about 1973 and it was still relevant to me at that time. Today we have access to data systems. We've got access to global information, and we use the internet to trawl through the stats out of the UK and the USA and Europe. We can access the stats in every jurisdiction, we can try to see the trends. You see reports coming out of the Australian Safety and Compensation Council that have got all of those national stats in there, whether they're accurate and whether they're good is another issue. We've got a more regulated environment, where regulators focus on getting people back to work. We have decision making tools so when you're looking at a case there's different products called *Decide*, *Where* and other generic names where you can actually look at them and get some information rather than going to Baulch's book that's 70 years old!

At Coles Myer I'd like to think that we're actually doing some of the things that work and I'll explain those. A bit of background also on Coles Myer. We're a self-insurer in every State and Territory. I think the only self-insurer in every State and Territory, some are in some States. Our most recent licence was granted in the ACT after waiting two years for permission. We estimate that self-insurance in financial terms has saved us about \$120 million up to 2005. In 2006/2007 we estimate a further \$90 million and that's basically comparing what it's costing us against if we use the premium rates and the "f" factors and all the formulas that are out there. So it's a good business, it pays for itself. We've got an in-house claims and injury management function.

I have 170 Claims Professionals and Injury Managers located in every State and Territory. We have about 9,000 odd claims coming through each year. That's a bit bigger than Seafarers which has around what 180 or 200 cases or maybe a bit less. It's a massive business.

We have at any one time about 6,000 open claims on our books, it's probably bigger than the Comcare claims business definitely in staff numbers. Its caseload is comparable to the State jurisdictions, its return to work rates are better than the State jurisdictions and I'll give some figures in a moment. All in all, basically it's a captive operation within Coles Myer that's doing something quite unique in that business. In the 2005/2006 financial year we spent around \$70 million in benefits, medical costs, legal fees, about \$3.5 million on external rehab providers, our rehab costs just in labour in externals is about \$11.25 million. It probably ranks in about number six or number seven in the country if not higher in return to work providers. Our forward liabilities are sitting around \$290 million, so it's got a lot of liability associated with it and that's why we focus on things the way we do.

Our return to work rates by jurisdiction. In NSW we're getting 86% returning full-time to their pre-injury job, 11% back on restricted duties, Victoria it's 84% full-time, Queensland 83%, WA 83%, NT 89%, Tasmania 75%, SA 72% and ACT 55%. We've only been a self-insurer for the past eight months. So how do we do what we do? What we tried to do is develop a model that has a single centre of excellence. Wherever you are in Coles Myer and whatever State or Territory the approach we take is exactly the same, not dissimilar to having a national scheme in place. The current approach aligns prevention to our safety system, claims management, injury management and our internal customers. Its components include the in-house management of injuries with expertise that I think is exceptional. When I look through all of the qualifications of our team they're just immense. Probably better-qualified team than any I've seen in the private sector, that has an integrated case management approach, because our businesses are different. We have a hybrid customer alignment and complexity case duration model because we have to. Getting someone back to work in a Coles Express Service Station is somewhat more difficult than getting them back to work in a supermarket because there's only two jobs in a service station and there are about 30 or 40 jobs in a supermarket, so we make sure that we take into account what it is our customers - the employers are trying to achieve.

We have a single standard of service and operating system as I mentioned, nationally. The Case Managers have a joint accountability not only to manage the claim but to get the person back to work. We have teams led by a Team Leader, normally there are six in a team. Within that team there's a couple of senior claims officers, a couple of less senior, an injury manager and an administrative person, because we don't want the claims people and the injury managers getting bogged down with the paperwork.

Within the 170 we have, about 60 are injury managers. We do not find it that difficult to get injury managers to come and work with us because they're not bogged down with having to account for their every 15 minutes and doing their billing and so on.

We also find that they get to know our customers. They get to know the business, so when they go into a store or a site to get someone back to work they're already thinking about what has to happen. They know the jobs, they know the tasks, they know the environment because we have them aligned by brand, by business and geographically. They know the managers, so they can ring up, turn up at a site and they're on the road, many of them four days a week and actively start getting people back to work.

I suppose the one thing that remains is the customers are the central focus the injured worker and the manager. We don't make a distinction. We talk to the injured workers. We talk to their medicos. We do a survey post-claims management, not during the process but after the event and after it's been closed.. We're getting incredibly favourable responses coming back, and I think it's because it's a Coles Myer employee looking after a Coles Myer employee. The Coles Myer employee from my team knows the business, knows what the people are going through, and sometimes wears the same uniform. It's not a faceless insurance company coming in or a faceless consultant that's got to spend time getting to know the business, and not necessarily giving good advice in all cases because they fail to understand the complexities, because as I've learnt in my bit over a year at Coles Myer is that retail isn't as simple as what I thought when I joined the place.

Dedicated teams focus on long-term claims and we've started breaking down the systems so that we have a more strategic approach. We've worked with our HR colleagues to ensure there's a whole employment approach to it. Our HR guys give us an idea of what jobs are available or what tasks are available so we have access to that data regularly so we can start plugging people in, particularly when they're returning to work after an injury no matter how debilitating it may be. We also, I think, by having this team structure, have been able to focus our resources in the right places rather than having different approaches in different jurisdictions to comply with the different legislation.

The model itself has got six components.

**Injury Care** – Injury Care is an early intervention medical treatment and injury management program. It makes available to all the employees reporting a work related injury access to a national network of independent specially trained doctors. This view that the medico also needs to understand the business is something that I uphold. I think without the medico understanding what it is going on back in the workplace it's somewhat difficult for them to get the person back to work. There are around 2,500 medicos and physios within this network. It's put together by an external organisation. Coles Myer had the foresight to provide the seed money to establish it.

We're getting incredible take-up rates. In our more volatile environment in the warehouses, the Distribution Centres - we're getting take-up rates of 75%. In the warehouses we're controlled by unions, heavily militant.

Two or three years ago, if a Manager directed or suggested to an employee that they should go to a doctor that the company has identified that was a recipe for disaster. The people would automatically reject it, but we're getting better take-up rates now than we are in supermarkets because people are starting to understand that we're actually fair dinkum about trying to get the person back to work and getting them treated effectively. The take-up rate is around 60% and it's growing. It's surprising that people have responded so favourably to it. Our business case was predicated on getting a take-up rate of 35%, so again we're delivering income back into the organisation.

The next step in the process is called "**Early Care**" and the names are a bit corny but they mean something to us. That's the first response to an injury. It enables us to commence the injury management intervention at the incident reporting stage so as soon as something happens it gets reported. Someone looks at that piece of paper and decides then what steps we're going to take. There are triggers and escalations related to that. There are phrases that are used in the descriptors, there are numbers that are used to trigger that whole response, and someone within that team has the accountability to look at that and start the process going. So it means we can initiate immediate action. We don't have to wait a week, we don't have to wait days, but many Managers now ring our people and say "This has happened, I'm doing the paperwork, what can you start to do?". A total turnaround from a few years ago in the organisation where it was seen as a HR process, burdened by heavy administration.

The next step is called "**Extra Care**" and that's a systemic process to assist the complex cases. It's a multi-stage triage approach and nothing's new in it. It's just that we've given it a name, we've given it a focus, we've publicised it in the organisation, and at every stage in that triage the case is reassessed, and we flag cases. White flags are where there are no risk factors, pretty straightforward, pay the bills, get them back to work. Yellow flags are whether there are psycho/social issues and we all know the complexities associated with those and the long time it takes to get somebody in the right mental state to return them back to work. We have Blue flags for psychological factors, Black flags for obstructionist behaviour and Red flags for people with a serious underlying illness. Purple flags, they're for people who are totally and permanent incapacitated. When I was doing this stuff 30 years ago we had tape we would put on folders, today it's done automatically by a system, so the improvement in technology has definitely added some value to us.

The next step is called “**Extended Care**” and it’s directed at cases which have been identified as long-term and includes participation from specialists. We have a body that works with us and their focus is on specific case management strategies aimed on vocational direction.

Again being an employer with 160,000 people if somebody can’t work in supermarkets we may find them a role somewhere else working in Vintage Cellars, or working in K-Mart or working in Bi-Lo or so on in a different role, so we actually have greater access to alternative employment within the organisation. That same extended care approach applies to those cases where there is litigation and impairment benefit management so it becomes quite complex. We’ve trained our people in how to manage those matters.

“**Essential Care**” – These are those serious injury and total and permanent incapacity cases. This is where it’s really difficult because we try to get the people back to a position of having social independence. They’re the worst cases to deal with because normally the injury has destroyed the individual’s life and the family and it’s quite complex. Forget the cost associated with it, it’s difficult to get those people back.

And finally, “**Effective Care**” – That’s a number of strategies to make sure that treatment that the individual is getting is the appropriate treatment. Many of us would have seen over the years that people become addicted to painkillers and to morphine and develop dependences normally because their medical treatment hasn’t been as effective as it could be. That’s where we pick up those cases.

What I’ve had the opportunity of doing in Coles Myer is sort of pulling together all of the things that I’ve been playing with in the head over many years and having a team with me, and I’ve also been aligned to that same approach. We’ve got hundreds of years of experience and we’re able to sit down, put our heads together and start to develop a system almost from a clean sheet of paper that we thought was probably one of the best systems of its type. With Effective Care, it becomes somewhat different because you’ve got to get to the point where you empower the worker to start managing their own issues and their own medical treatment and just keep giving them guidance. Sometimes there are blockers particularly from the legal fraternity and others, sometimes with regulators, sometimes with unions, and with all of these initiatives they’re aligned to our safety system. They are not seen as something different to our safety system. It’s a strategy that we’ve developed when I was at Telstra and we’ve been able to keep refining it.

So how do we know whether they work? Well we get audited by the Regulator in every State and Territory. The Auditor in South Australia takes 20 weeks on site, the Audit in Tasmania takes two days. We have internal audits, I have two Auditors that go and audit their colleagues. We bring in External Auditors as well; we’ve used Ernst and Young in recent times to help us. Every week we conduct three audits of a site somewhere in Australia

looking at the safety system and at the same time as looking at the safety system they look at claims and injury management system.

The highest compliance score we've had right across all of the audits over the last year or so has been in the claims and injury management area because we've made the system simple for people to understand. By using the word "care" we'd like to think that reinforces that underlying position where you have an accountability and responsibility to get people back to work.

It's probably a good time for me to close because I think you'll get more out of this with questions. When you think about what we're dealing with, you've had a health and safety management system in place and it's failed, that's why someone's got hurt, and that's something you can never ever lose sight of. They're receiving medical treatment, they need reassurance that they will be looked after and reassurance that they will be re-employed. People sometimes lose sight of those very personal issues, in particular in cases where their injuries are debilitating and the quality of life is impacted.

In Coles Myer we are partially successful, partially because we're still hurting too many people, we're hurting a lot less than what we hurt last year, and next year we'll hurt a lot less but nevertheless when we do hurt them we have an obligation to look after them. In Coles Myer language everyone is called a team member, some may think it's a bit corny, and I must admit I did when I first went in there, but now I start to understand what it really means, because one team member's looking after another team member, and there's no distinction.

I'm not sure if what I've talked about is beneficial. I hope there are some links that people can make, particularly those links to the fact that if you do hurt someone, not only are you obliged by the regulators, but morally obliged to try to get them back to work.

Thanks for listening to me and I'll answer any questions you may have.

## QUESTIONS AND ANSWERS PAUL BAULCH, COLES MYER LTD.

**Geoff Gronow** – Questions or Comments please?

Question asked in background – not on voice recording

**Paul Baulch** – The answer is yes and no. My personal view is if the State schemes became consistent there'd be no need. I don't think an organisation like Coles Myer entering the Commonwealth Scheme will do the Commonwealth Scheme any justice. We are too big and too ugly and we've been working in my year in Coles Myer trying to work with the State Regulators for consistency. If I may just comment on that – we have to deal with fundamentally different rules in every State and Territory. The cost of self-insurance of just managing the bank guarantees, the stop loss insurance, the licence fees, is around \$13 million for Coles Myer. We spend in South Australia 370 man days managing an audit, in Victoria it's about 220 man days, in NSW its 60 or 70, the inconsistencies right across this country are just appalling. I think it's also un-Australian that we have a different level of benefit for people working in different States. I can't understand how that's allowed to happen, but it's been around a long time.. We may look at the Commonwealth but I think, my personal view is, if we can help get the States aligned there will be no need for us to go in the Commonwealth.

**Geoff Wood** – TtLine – You mentioned about problems you're having in areas such as warehouses and obstructionist behaviour. One of the issues we have in the industry, I believe, is educating our employees not to have the mindset of objecting to return to work programs. Not the actual person that's injured but their fellow employees don't accept that return to work programs should even take place on some occasions. Have you ever had any in-house training or how do you get the message across to your employees?

**Paul Baulch** – Yes, we've done it in two ways. I mentioned the injury care part of the business that's actually getting a great take-up in the warehouse operations. What we did was run an education program for all the team members and for the managers. We provided them with guidelines and how to operate. The fundamental message was this is looking after each other, and we showed them where they can get treatment, these medicos and physios - there's one within 15 minutes of every Coles Myer site, so we also explain how much we'd spent in setting it up. The trust issue was one of those things that was very difficult. We had sites that would have different coloured nametags for people on return to work. That's like putting the red dot on someone's forehead, and those sites loved it. We had other sites who just didn't want to do it, we had people who were just given menial tasks. Some guys just wouldn't come back to work.

In recent times we've closed two major warehouses, one at Hampton Park and one at Somersby in New South Wales. I suspect part of the reason was we were never going to change the culture, you know that was sort of the gangrenous limb that you just had to chop off to survive. It's unfortunately fuelled by some of the unions for an industrial benefit, not for the benefit of the injured worker. I think we're slowly getting there, and we're just commissioning about eight new DC's, Distribution Centres opening in the next 12 months and we've put different things in there. We've put gymnasiums in, that will cause a few other problems for me, but we've even developed healthy food canteens and we're looking at better rostering and shower complexes. Instead of them being treated like shit we're going to respect them and we will see the trust start to improve.

**Neil Butt - Farstad Shipping** – I think you mentioned that you were getting an ongoing reduction of injuries; I just wondered what your major strategies were to achieve that reduction. Is it behaviour? Is it attitude? How do you do it?

**Paul Baulch** – It's a whole lot of things. I think I've learnt, particularly working in safety for a long time, that there's no silver bullet. An interesting stat, eight years ago 54% of injuries in Coles Myer were manual handling related. Sixty four manual handling initiatives were rolled out in the last eight years. Today, it's 53%. What I learnt from that is all of the initiatives were well founded, most failed at the point of implementation, so manual handling is still the biggest issue. What are our injuries like? They're coming down. I think we had around 40% improvement in the Distribution Centres, about 28% improvement in supermarkets. It's been an interesting 12 months because initially the program was based on individual leadership and it took me about six months to realise that it should have just been based on discipline, because it is like the army and you have to be rigid, it's a unique organisation. In Telstra, you could appear, and this is going to sound so wrong, but it appeared to be intellect with the engineers and others. In Coles Myer it's a different dynamic and if you're told on a Wednesday you've got to wear a blue uniform and you work eight hours and you'll get chops for lunch, and there's no variation, they'll respond, and that's what safety should have been doing. One of the reasons I was brought in was to get rid all of the nice fluff associated with safety, the Hollywood stuff, and just get it back down to basics. I think the next year we will break the back of it, and our aim is to have single digit LTI next year and we will get it. When I joined it was sitting about 24 and a bit, it's now down to 15 and we'll just keep improving.

**Geoff Gronow** – Further questions please?

**Alan Kneller – Teekay Shipping** – Thanks for a very interesting presentation. Your return to work rehabilitation program is, as you said, part of your safety management system. Is that correct?

**Paul Baulch** – Yes.

**Alan Kneller – Teekay Shipping** – How do you then reconcile that zero injuries and zero LTI's as a goal when you recognise within that system that people are going to get injured. I mean it's a conundrum. I think it's a great idea. I think it's the way it should be. But I'd just like to know how you do the reconciliation of that?

**Paul Baulch** - Yeah thanks because it's an interesting question. When I joined the organisation it had a target of zero. The realist in me knows that will never happen. We employ 60,000 new people a year. We're employing kids straight out of school or still at school, and you remember when you were 15, what were your priorities? Getting some money in your kit to buy your smokes, to go out boozing and to chase girls, it's not about safety. That's the constant dilemma but you've got to start somewhere and you've got to have an aim and objective and even if it's aspirational you've got to start somewhere. If I go back to Telstra where we took over safety, there were sites and operations with an LTI of 60 or 70, across the organisation it was sitting about 30-32. I was pleased when I left in July last year we got it down to 2.3 and now it's sitting about 1.9. We had a target of 50% improvement year on year, and that's almost the subtle message that I'm giving the operations, it's nice to have a number but let's now focus on a percentage of improvement across a whole myriad. We currently have about eight different measures we judge performance on, positive and negative, but it really is a difficult thing.

**Geoff Gronow** – Further questions or comments please?

**Martin Byrne** – Two separate issues, one relates to the multiplicity of State schemes that you interact with. How do you cope with the Occupational Health and Safety Committee and representatives' structures in their various modes around the country? Because what I've been hearing so far is, with respect, a top down strategy from your unit in Head Office or its various locations around the country rather than a bottom-up type of approach. Secondly, with your return to work success, is it always internal?

**Paul Baulch** – Second one first. No it's not internal. We work with others, but because we have such a complexity of roles predominantly they are internal placements. We work with other organisations, normally State based and we've had some success because most employers take the view "Why would I take on somebody who has been injured somewhere else, am I going to get stuck with that liability?", so that's again a conundrum. How do you work through it. There's very much a bottom-up approach, we have at a corporate level. I had about 65 working on safety, I placed 40 of them back in the brands within a week of starting there, then there are Regional Safety Committees, there are then the Designated Workgroup Compliance Committees.

The Health and Safety Reps push up, very much part of the process. We've got some great reps. We've got some great people, and where we tend to fall over is our Store Managers, because they're transient in many cases, and what drives the safety change is the Safety Committee at the site. It works very well. I don't have much grief from the reps whenever I get out to stores. I'll turn up at the store and just sort of go and find the rep. Normally it's somebody in the deli area or the bakery area, or somebody at the back dock, who tends to see the worst cases, but it's very much a co-operative approach. Even the unions that we deal with don't have much issue with the reps. We've had them in the Distribution Centres. We had one rep at one site when I joined. I got the stats from the previous year and he had an Inspector visit 40 times in one year. So I went and saw the Inspector and his boss and asked "Whether he was having an affair out there or getting cheap groceries out there?" He said "Paul, the guy rang me 80 times, only turned up 40 times!", but the issue was to do with people management not safety and we resolved that.

**Sam Culley – Teekay Shipping** – When you said about some sites that you just couldn't get them across the line, was this because you couldn't change the safety culture?

**Paul Baulch** – Well not safety culture, the culture?

**Sam Culley – Teekay Shipping** – Okay the culture yep, can you expand on that? Some you might have got across the line, some you didn't, and the reasons why. Was it a small town mentality or did you also try any behavioural based safety programs at all?

**Paul Baulch** – Well, the culture was right across the organisation in those sites, it wasn't just safety. It tended to be on a whole lot of things - productivity rates, unplanned absence, drug dealing in car parks, pilfering and also an ageing environment, an ageing site. So you look at it and say "Are we going to be better off in a new site?" One of the principal commercial measures was around 30-40% reduction in carton movement costs, so that was a principal driver. The issue of behavioural based safety is fascinating, because people roll it out regularly, come and see me about it. In Coles Myer - it will work in Target, it will work in OfficeWorks. It won't work in K-Mart, it won't work in supermarkets, it won't work in Distribution Centres unless you will find sites. It can't work in Coles Express and it won't work in Liquorland or Vintage Cellars, because of the movement of people and the transience of even the juniors. Its unfortunate many people grab this behavioural based safety as the penny for their ills and you've got to be smart about it. I've only seen a few examples where it's led to a sustainable improvement, you get some immediate reaction. We rolled out a program in Target in South Australia which was based on observation, but around 40% of their incidence didn't then get investigated. When I pulled out the stats after six months, we went back and said "Why" and "Well it's because we observed, we talked, we resolved", but I needed the hard data because what was happening in South

Australia could have been happening in Queensland or New South Wales, so there are some flaws with it.

**Geoff Gronow** – It now remains for us to thank Paul very much for his very interesting presentation and for his very forthright and generous answers to each of the questions that were put. Paul, thanks very much for giving up some of your holiday. We hope that the rest of your holiday is entertaining and useful and refreshing to you. Would you join with me in thanking Paul very much for being with us now.